

State of California

Franchise Tax Board-Legislative Services Bureau
PO Box 1468 MS A350
Sacramento, CA 95812-1468

Telephone: (916) 845-4326
ATSS: (916) 468-4326
FAX: (916) 845-5472

Legislative Change No.

09-4

Bill Number: ABX3 3 Author: Evans Chapter Number: 09-18

Laws Affecting Franchise Tax Board: Sections 17041, 17054, and 17062 of the Revenue and Taxation Code

Date Filed with the Secretary of State: February 20, 2009

SUBJECT: Temporary Increase Personal Income Tax (PIT) rates by .25% (or .125% Contingent upon a Notification Result)/Increase Alternative Minimum Tax (AMT) rates to 7.25% (or 7.125% Contingent upon a Notification Result)/Decrease Dependent Exemption Credit

Assembly Bill X3 3 (Evans), as enacted on February 20, 2009, made the following changes to laws impacting the Franchise Tax Board:

Sections 17041 of the Revenue and Taxation Code is amended.

This act temporarily adds .25% to each PIT rate for taxable years 2009 and 2010. If certain notification regarding funds related to the federal stimulus act is given by the Director of Finance on or before April 1, 2009, 0.125% will be added to each PIT rate instead.

Sections 17054 of the Revenue and Taxation Code is amended.

This act also temporarily reduces the dependent exemption credit to the same amount as the personal exemption credit for taxable years 2009 and 2010. After the reduction ceases to apply, the dependent exemption credit will be increased to the amount it would have been if the reduction had never been operative.

Sections 17062 of the Revenue and Taxation Code is amended.

This act temporarily adds .25% to the AMT rate; the rate would go from 7% to 7.25% for all personal income taxpayers for taxable years 2009 and 2010. If certain notification regarding funds related to the federal stimulus act is given by the Director of Finance on or before April 1, 2009, the AMT rate will be 7.125% instead.

Additionally, if the Director of Finance provides notification that an amendment to the California Constitution is approved at a statewide election held during the 2009 calendar year that limits the total amount that may be transferred from the Budget Stabilization Account or any successor to that account to the General Fund, then the increase in PIT and AMT rates and the reduction to the dependent exemption credit described above would be extended for two additional taxable years, 2011 and 2012.

This act is an urgency measure and is effective and operative immediately upon enactment.

This act will not require any reports by the department to the Legislature.

Assistant Bureau Director

Patrice Gau-Johnson

Date

02/24/09